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SITUATION OF THE HUNGARIAN BUILDING INDUSTRY IN THE LIGHT OF
A SURVEY OF CONSTRUCTION ACTIVITIES IN HAJDU-BIHAR MEGYE

Statistikai Szemle, Vol XXXIII, No 1
Bucharest, Jan 1955

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Since the announcement of the new government program, the capacity of the Hungarian building industry has been out of proportion with its tasks. Currently, the industry is faced with serious difficulties which are, however, different from those of a few years ago. Previously, the main shortcomings were lack of building materials and technical preparation. At present, lack of materials affects a few minor construction projects only, and technical preparation is improving.

The new difficulties stem from the absence of a unified national organization in charge of construction activities, scarcity of manpower, and low level of management. These deficiencies are, of course, well known to the leaders of the Hungarian building industry.

The Ministry of Building ordered a survey of all building activities in Hajdu-Bihar Megye in August 1954 to serve as a basis for the reorganization of the national building industry. The choice fell purposely on an agricultural megye in view of future tasks [under the New Course administration of Minister President Imre Nagy]. The survey was conducted by the organizational department of the Housing Designing Enterprise (Lakoeplettervezo Vallalat) in cooperation with local authorities. Conclusions based on this survey, together with supporting data, are discussed in this article.

In August 1954, a total of 788 buildings were under construction in Hajdu-Bihar Megye. Numerically, small projects were in the majority, but 68.9 percent represented projects of over one million forints each in value. It is noteworthy that, even in an agricultural megye, the volume of construction projects of over 5 million forints each represented 34.6 percent of the total.

Building Activities in Hajdu-Bihar Megye, August 1954

<u>Value of Project (forints)</u>	<u>No of Projects</u>	<u>Percent of Total</u>	<u>Value of Projects (1,000 forints)</u>	<u>Percent of To- tal Value of All Projects</u>
Less than 50,000	510	64.7	15,178	7.7
50,000-100,000	104	13.2	6,137	3.1
100,000-500,000	113	14.4	22,823	11.6
500,000-1,000,000	24	3.0	16,977	8.7
One million-3 million	22	2.8	33,800	17.2
3 million-5 million	9	1.1	33,461	17.1
Over 5 million	6	0.8	67,892	34.6
Total	788	100.0	196,268	100.0

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As indicated in the following table, the bulk of the projects (86 percent) was financed by the state, and renovation, maintenance, and repair work accounted for a small part of the total:

Distribution of Construction Work By
Method of Financing

	Thousand Forints	Percent of Total
State-financed investments	161,048	82.0
State-financed renovations	7,792	4.0
State-financed private building	14,499	7.4
Private contribution to state-financed projects	3,500	1.8
Privately financed building	9,429	4.8
Total	196,268	100.0

It follows from the agricultural character of the megye that close to one half of the current building projects are for the account of the Ministry of Agriculture, although nearly all ministries are represented in the list:

Distribution of Building Projects According
to Origin of Order

<u>Builders</u>	Thousand Forints	Percent of Total
Ministry of Agriculture	92,512	47.1
Ministry of Building	18,740	9.5
Ministry of City and Town Economy	14,149	7.2
Ministry of Produce Collection	8,936	4.6
Ministry of Education	8,878	4.5
Ministry of Light Industry	7,775	4.0
Ministry of Metallurgy and Machine Industry	6,011	3.1
Ministry of Health	5,569	2.8
Ministry of Food Industry	4,613	2.4
Ministry of Internal Commerce	1,920	1.0
Ministry of Transportation and Postal Affairs	1,411	0.7
Ministry of Culture		
Ministry of Heavy Industry		
Other state and social organs	12,825	6.5
Private builders	12,929	6.6
Total	196,268	100.0

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It is evident from the large number of ministries concerned in building activities that the present organizational setup, whereby each ministry has its own construction organs, must lead to chaotic conditions in the building industry. The Ministry of Building supervised barely one third of construction work in the megye in August 1954, as indicated in the following table:

<u>Construction Projects</u>	<u>Thousand Forints</u>	<u>Percent of Total</u>
Completed by state organs		
By enterprises of the Ministry of Building	72,695	37.0
By local council enterprises supervised by the Ministry of City and Town Economy	18,569	9.5
By nationalized enterprises supervised by other ministries	65,106	33.2
By national enterprises through their own employees	9,779	5.0
Completed by building cooperatives	7,223	3.7
Completed by independent building workers	22,896	11.6
Total	196,268	100.0

The survey also reveals that productivity per worker was highest at the enterprises of the Ministry of Building -- 22 workers per one million forints of work. It was considerably lower for other organs, as well as for independent building workers, as a result of lack of mechanization and of the minimum use of prefabricated building elements.

Examination of the composition of manpower shows that stonemasons are scarce, a fact which makes the situation of the nationalized building industry extremely difficult. During the period covered by the survey, stonemasons in Hajdu-Bihar Megye numbered only 1,063, or 18 percent of 5,909 building workers. At the enterprises of the Ministry of Building, however, this ratio was only 14 percent. It may be concluded, therefore, that among the skilled workers of the nationalized building industry, a proportionately large number of stonemasons went over to the cooperatives or established themselves as independent workers. Currently, only 21 percent of the country's stonemasons are working for the Ministry of Building, although the latter has to construct 37 percent of the total building projects.

Another unfavorable feature which was brought to light by the survey is the disproportionately large percentage of administrative personnel -- 26.2 percent of workers in the enterprises of the Ministry of Building, 30.5 percent in those of other ministries, and 18.1 percent in the building cooperatives. Unequal wages, stemming from the efforts of enterprises to retain their workers, are another unfavorable characteristic of the building industry.

In final analysis, the survey proved the assumption that most of the confusion and difficulties prevailing in the building industry are the result of the thoroughly unsatisfactory organization of the industry as a whole.

The building industry needs to be unified, with independent megye organs operating under the jurisdiction of a country-wide unified organization. The scheme of the megye organization would be as follows: a central enterprise at

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the megye seat; chief construction managements, numbering approximately four in the case of Hajdu-Bihar Megye; the various construction managements on the building sites; a "vertical department" [not explained]; and a supply department. The latter two organs would be located in the immediate vicinity of the megye seat. [Note that no mention is made of trusts, which apparently are to be abolished.] It is estimated that reorganization along these lines would result in a 10-15 percent increase in the capacity of the building industry for the country as a whole.

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